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HOUSE BILL 111

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

John A. Heaton

AN ACT

RELATING TO HEALTH INSURERS; REQUIRING HEALTH INSURERS TO REIMBURSE FOR DIRECT SERVICES AT NO LESS THAN EIGHTY-FIVE PERCENT OF PREMIUMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the New Mexico Insurance Code is enacted to read:

"[NEW MATERIAL] HEALTH INSURERS--DIRECT SERVICES.--

A. A health insurer shall make reimbursement for direct services at a rate not less than eighty-five percent of premiums across all health product lines over the preceding three calendar years, but not earlier than calendar year 2009, as determined by reports filed with the insurance division of the commission; provided, however, that the calculation does not include premium taxes. Nothing in this subsection shall be

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1 construed to preclude a purchaser from negotiating an agreement
2 with a health insurer that requires a higher amount of premiums
3 paid to be used for reimbursement for direct services for one
4 or more products or for one or more years.

5 B. For the purposes of this section:

6 (1) "direct services" means services rendered
7 to an individual by a health insurer or a health care
8 practitioner, facility or other provider, including case
9 management, disease management, health education and promotion,
10 preventive services, quality incentive payments to providers
11 and any portion of an assessment that covers services rather
12 than administration and for which an insurer does not receive a
13 tax credit pursuant to the Medical Insurance Pool Act or the
14 Health Insurance Alliance Act; provided, however, that "direct
15 services" does not include care coordination, utilization
16 review or management or any other activity designed to manage
17 utilization or services;

18 (2) "health insurer" means a person duly
19 authorized to transact the business of health insurance in the
20 state pursuant to the Insurance Code but does not include a
21 person that only issues a limited-benefit policy intended to
22 supplement major medical coverage, including medicare
23 supplement, long-term care, disability income, disease-
24 specific, accident-only or hospital indemnity-only insurance
25 policies; and

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1 (3) "premium" means all income received from
2 individuals and private and public payers or sources for the
3 procurement of health coverage, including capitated payments,
4 self-funded administrative fees, self-funded claim
5 reimbursements, recoveries from third parties or other insurers
6 and interests."

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